

## Message Text

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ACTION EB-06

INFO OCT-01 EA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-05 NSAE-00 RSC-01 FAA-00 L-01 SS-15 H-01

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 8186

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E.O 11652: N/A

TAGS: ETRN

SUBJECT: CIVAIR: US-THAI NEGOTIATIONS

1. IN THURSDAY MEETING USDEL EXPLAINED TIME PRESSURE OF OTHER COMMITMENTS AND NEED TO AIM FOR CONCLUDING BY WEEKEND. THAIDEL DID NOT COMMENT BUT ASKED IF USDEL HAD NEW INSTRUCTIONS ON ROUTES.

2. USDEL SAID IT WISHED TO TOUCH UPON ROUTE QUESTION LATER BUT FELT IT WAS APPROPRIATE TO TURN TO CAPACITY REGULATION ASPECT NOW BECAUSE TWIN ISSUES OF ROUTES AND CAPACITY WERE INEXTRICABLY LINKED. TABLED AS US DOCUMENT 6 TWO EAR CAPACITY AND TRAFFIC STABILIZATION SCHEME WHICH PROVIDES US CARRIERS WITH PASSENGER QUOTAS WITH ALL SECTORS FOR RESPECTIVE CARRIERS LUMPED TOGETHER I.E. 39,370 FOR TWA ON HONG KONG/TAIPEI AND 49,680 FOR PAA ON HONG KONG/TOKYO/DELHI WHICH INCLUDES 2070 EXPANSION IN HONG KONG TO COVER 841/842. NO RESTRICTIONS ON ALL CARGO ALTHOUGH ARRANGEMENTS ON COMPETITIVE SECTORS SUBJECT FURTHER DISCUSSIONS. LIMITATIONS WOULD EXPIRE IN TWO YEARS WHEN PRE-SCREENING WOULD TAKE OVER.

3. THAI REACTION WAS THAT CAPACITY COULD ONLY BE DISCUSSED AFTER ROUTES AGREED. AFTER SOME PRODDING

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THAIDEL SAID DOCUMENTS WAS NOT SATISFACTORY BECAUSE IT

DID NOT GIVE THEM EQUAL OPPORTUNITY. AFTER CONFUSED DEBATE DURING WHICH THAIDEL KEPT MIXING UP TRAFFIC RIGHTS AND CAPACITY REGULATION IT FINALLY EMERGED THAT WHAT THEY REALLY HAVE IN MIND IN REGULATING CAPACITY AND TRAFFIC IS TO LIMIT US CARRIERS TO LEVELS OPERATED BY THAI CARRIERS. SAID US OFFER OF NO RESTRICTIONS ON THAI CARRIERS OF LITTLE VALUE "BECAUSE WHEN THE BELLY IS FULL, ONE CANNOT EAT MORE FOOD.". USDEL DROPPED DISCUSSION AT THIS POINT TO AVOID HAVING THAIDEL GETTING DUG IN SO FAR THEY WOULD BE UNABLE TO CHANGE LATER. CLEARLY, HOWEVER, THIS LINE OF THINKING SPELLS FUTURE TROUBLE.

4. USDEL THEN TURNED TO ROUTE QUESTION EMPHASIZING THAT USG WAS STILL STRUGGLING WITH ISSUE. REITERATED GREAT PROGRESS SO FAR MADE ON ROUTES AND SUBSTANTIAL CONCESSIONS PROVIDED BY US. EXPLAINED IMPLICATIONS OF PAA/TWA DEAL AND GREAT DIFFICULTY IN EVALUATION AT THIS TIME EVENTUAL US CARRIER PATTERN IN PACIFIC. STRESSES GREAT POTENTIAL VALUE OF ROUTES AND TABLED DOCUMENT TO SHOWING ANNUAL VALUES OF EACH I.E. \$4.4 MILLION PER FREQUENCY ON NEW YORK, \$6.87 MILLION PER FREQUENCY FOR WEST COAST, AND \$2.07 MILLION FOR GUAM (NO ESTIMATE GIVEN ON PAGO). WE NOTED THAT, WHILE THESE ESTMATES WERE TO SOME EXTENT THEORETICAL, WE HAD MEASURED THE WEST COAST CALCULATED POTENTIAL AGAINST AIR SIAM PERFORMANCE AND THERE WERE NOT LARGE DISCREPANCIES. THAIDEL ONLY RESPONSE WAS THAT US POTENTIAL WAS "TEN TIMES AS LARGE". USDEL EXPLAINED WHY THIS WAS NOT SO BUT POINTED OUT THAT IN ANY EVENT US CARRIERS HAD LONG AND FULL EXPERIENCE IN THAI MARKET AND ACTUAL PERFORMANCE PRETTY MUCH REFLECTED POTENTIAL.

5. DISCUSSIONS CONCLUDED INCONCLUSIVELY WITH THAIDEL EXPRESSING HOPE THAT USDEL WOULD HAVE NEW INSTRUCTIONS ON ROUTES FOR TOMORROW'S MEETING.

6. USDEL BELIEVES IT HELPFUL TO SHOW SOME FORWARD MOVEMENT ON ROUTE QUESTION FOR WINDUP MEETING TOMORROW. ANY SUGGESTIONS WOULD BE APPRECIATED.  
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## Message Attributes

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